

# **The University of Texas at San Antonio**

**Internal Audit Annual  
Report  
For Fiscal Year 2014**

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# Section I

## Compliance with House Bill 16

## **Compliance with House Bill 16**

In accordance with House Bill 16, the UTSA Office of Auditing and Consulting Services posted its FY 2014 Internal Audit Annual Report and the approved FY 2015 Audit Plan at the web site [www.utsa.edu/acrs](http://www.utsa.edu/acrs).

The University has included the following for the FY 2014 Audit Plan:

- A detailed summary of the weaknesses, deficiencies, wrongdoings, or other concerns raised by the audit plan or annual report.
- A summary of the action taken by the agency to address concerns, if any, that are raised by the audit plan or annual report.

# Section II

Planned Work Related to  
the Proportionality of  
Higher Education  
Benefits

## **Planned Work Related to the Proportionality of Higher Education Benefits**

At the request of the Governor, an internal audit of the proportionality of higher education benefits process is underway during the first quarter of fiscal year 2015. A consistent audit methodology has been deployed across the UT System that will assess the reporting process and accuracy of benefits funding information provided to the State Comptroller as applicable under the General Appropriations Act, Article IX, Sec. 6.08: Benefits Paid Proportional by Fund. The audit will be complete by November 30, 2014.

# Section III

## Internal Audit Plan for Fiscal Year 2014

The University of Texas at San Antonio  
FY 2014  
Audit Plan Status

Audit Title	Report Number	Report Date	Status as of 8/31/14
<b>Financial Audits</b>			
FY 2013 Financial Statement Audit	2014-01	1/9/2014	Report Issued
FY 2013 Presidential Travel and Entertainment			Report Issued by UT System Audit Office
FY 2013 Executive Management Travel and Entertainment	2014-05	4/8/2014	Report Issued
FY 2013 NCAA Annual Financial Audit			Report Issued by UT System Audit Office
FY 2014 Financial Statement Audit (Interim Work)			Completed
FY 2014 Presidential Travel and Entertainment (Interim Work)			Completed
FY 2014 NCAA Annual Financial Audit (Interim Work)			Completed
<b>Operational Audits</b>			
A/R & Billing Audit			Cancelled - Approved by Internal Audit Committee
Faculty Recruitment & Turnover (Carryforward from FY13 Audit Plan)	2013-31	10/4/2013	Report Issued
TAC 202 (Carryforward from FY13 Audit Plan)	2013-30	10/10/2013	Report Issued
INSIGHT/Laptop Encryption (Carryforward from FY13 Audit Plan)	2013-32	10/15/2013	Report Issued
Recharge Centers (Carryforward from FY13 Audit Plan)	2013-40	10/4/2013	Report Issued
Internal Control Review - Facilities (Carryforward from FY13 Audit Plan)	2013-55D	9/4/2013	Report Issued
<b>Compliance Audits</b>			
NCAA Compliance	2014-20	6/17/2014	Report Issued
NCAA Football Attendance Audit	2014-55A	2/13/2014	Report Issued
Joint Admission Medical Program (JAMP)	2014-42	10/28/2013	Report Issued
Cancer Prevention Research Institute of Texas (CPRIT)			Report Issued by Deloitte
State Auditor's - FY13 & FY14 A-133 Statewide			Report Issued by State Auditor's Office
Sponsored Projects Administration Compliance	2014-40	8/29/2014	Report Issued
<b>Information Technology</b>			
Research Data Center IT General Controls	2014-30	7/2/2014	Report Issued
Oracle/Database Management & Security	2014-31	7/21/2014	Report Issued
UNIX Server Management & Security			Rescheduled for FY15 Audit Plan
Downtown Data Center IT General Controls			Fieldwork
UT Health Science Center San Antonio Internal Audit			Cancelled - Approved by Internal Audit Committee
<b>Follow-up</b>			
Follow-up			
<b>Projects</b>			
Internal Audit Committee Meetings			Completed
Campus Committee Meetings			Completed
Project Status Staff Meetings			Completed
Professional Associations			Completed
Teammate Maintenance and Upgrade Implementation			Completed
Strategic Plan Implementation			Cancelled
External Quality Assessment Review			Completed
Audit Planning			Completed



Project Name	Issue Date	Recommendation	Response	Recommendation Status	Estimated Implementation Date
<u>Internal Control Review - Facilities</u>	9/4/2013	Develop, document, and train EPM management and staff on procedures for creating cost estimates and on project scope description standards.	EPM management has developed procedures for creating cost estimates and verifying project scope, and has developed a plan to train management and staff. Since project scopes vary greatly, EPM management has developed other procedures to review project scope instead of creating project scope description standards.	Implemented	5/16/2013
		Clarify EPM Management responsibility for oversight of project scope descriptions and cost estimates.	EPM Management has developed a process to improve oversight of scope descriptions and cost estimates.	Implemented	5/16/2013
		Develop trend analysis/ monitoring tools for EPM management to utilize in the oversight of project scope descriptions and cost estimate reviews.	EPM Management plans to develop trend analysis/ monitoring tools to utilize in the oversight of project scope descriptions and cost estimate reviews. Compliance with this recommendation is dependent upon being able to develop the appropriate query in PeopleSoft. A completion date of November 2014 is required to ensure that PeopleSoft is fully implemented, and to develop the query.	Partially implemented	11/30/2014
		Develop, document, and train EPM management and staff and Purchasing staff on bidding process standards including but not limited to: Verifying the project scope is detailed, measurable, and matches throughout the process from the cost estimate, to the bid (purchase order) scope, to the scope included in the contractor's proposal; Reviewing contractor addresses in the review of bids received.	Purchasing personnel are trained and certified on all necessary aspects of the bidding process. Such training includes required continuing education courses. EPM staff training described previously includes training on the bidding process standards and essential elements of project cost and scope. Bidding process standards, and the training related to bidding process standards, do not include the review of contractor addresses. Purchasing and EPM Management does not agree that a review of addresses should be included in the review of bids received, as Management believes this will not effectively contribute to improving the bid review process.	Implemented	5/16/2013
		Clarify EPM Management responsibility for oversight and segregation of duties exist in the bid awarding process.	EPM and Purchasing have agreed on appropriate segregation of duties in the bid awarding process.	Implemented	5/16/2013
		Develop trend analysis/ monitoring tools for EPM management to utilize in the oversight of bidding process standards.	A monthly meeting between EPM and Purchasing has been established as a monitoring tool.	Implemented	5/16/2013
		Develop a method to monitor the total project cost to ensure the formal bidding process occurs when required and that bid splitting does not occur.	EPM Management has developed a method to monitor total project cost.	Implemented	5/16/2013
		Determine if EPM and/or Purchasing should develop a process to judgmentally notify contractors who bid on a project but were not selected.	No action planned. Management has determined that the cost of such notifications would far outweigh the benefit, if there would be any benefit at all, of such notifications.	Not Implemented - Mgt Accepts Risk	5/16/2013
		Develop, document, and continually train EPM management and staff on procedures for project execution and close out standards, including but not limited to: • Verification that the project was completed in accordance with the project scope. • Ensure the contactor sends the final invoice to Disbursements as stated on the Purchase Order.	EPM Management has completed the development and documentation of training relating to project execution and closeout, and will provide training to all project management staff at least annually.	Implemented	5/16/2013
		Clarify EPM Management responsibility for oversight and segregation of duties exists in the project execution and close out process.	EPM Management has established clear responsibility and segregation of duties for the project execution and close out process.	Implemented	5/16/2013
		Develop trend analysis/ monitoring tools for EPM management to utilize in the project execution and close out process.	EPM Management has established clear responsibility and segregation of duties for the project execution and close out process.	Implemented	5/16/2013
		Train and monitor all management and staff on the importance and necessity to not have improper relationships with contractors and to disclose relationships that may appear to be a potential conflict of interest.	EPM Management has developed "Fraud Awareness" training for management staff, and is developing "conflict of Interest" training that will formalize guidance to project management staff.	Implemented	8/31/2013
		Business Affairs should determine the due diligence required by EPM, Purchasing, or other Business Affairs departments to assess vendor legitimacy.	No action planned. Business Affairs has determined that it is not reasonably possible to assess whether vendors are legitimate construction contractors because they are not required to be licensed by the State of Texas, and there are no known methods to assure, with reasonable certainty, the legitimacy of vendors. For EPM bids between \$5,000 and \$25,000, Purchasing will perform a search through the Secretary of State Office, if the contractor is incorporated or a limited liability company, prior to award of the bid. This search will determine whether the contractor to receive the award is registered to do business in the State of Texas, and have paid their franchise taxes. However, no such records exist for partnerships, sole proprietorships, joint ventures and other similar entities, and while these searches will help to confirm companies are legitimate business entities, these searches will not assure a company found to be registered to do business in the State of Texas is a legitimate construction contractor.	Not Implemented - Mgt Accepts Risk	5/16/2013
		Consider applying the same spirit of the recommendations given for institutionally managed construction procurements between \$5,000 to \$25,000 to: • Institutionally managed construction projects under \$5,000, • Institutionally managed construction projects over \$25,000.	The changes EPM has implemented and is developing will apply the same spirit of these recommendations to other projects that are outside the purview of this review.	Implemented	5/16/2013

Project Name	Issue Date	Recommendation	Response	Recommendation Status	Estimated Implementation Date
<u>Faculty Recruitment and Turnover</u>	10/4/2013		No recommendations were made. We concluded that faculty recruitment activities complied with university policies and supported the faculty recruitment objectives within UTSA's Strategic Plan.		
<u>Recharge Centers</u>	10/4/2013	Conduct comprehensive reviews of the institutional recharge service centers that charge fees for services to ensure compliance with Operational Guideline "Establishment and Financial Management of Authorized Service Centers and Specialized Service Facilities".	Although limited reviews were conducted during FY13, the review revealed that the 3 largest revenue generating service centers were in compliance with breakeven goals and didn't warrant further review. In prior years more extensive reviews and meetings were conducted to educate recharge center management and review key requirements of the operating guideline. A limited review of the recharge centers will be conducted as of August 31, 2013. An evaluation of the existing guidelines to clarify the review process will be completed. Comprehensive reviews will be conducted as needed in FY14.	Partially implemented	2/28/2015
		Update the Operational Guideline "Establishment and Financial Management of Authorized Service Centers and Specialized Service Facilities" that governs Service Centers that charge fees for services and communicate the policy with the University community.	The Operational Guideline Establishment and Financial Management of Authorized Service Centers and Specialized Service Facilities will be updated.	Implemented	8/31/2014
		Establish VPR Policy on Research Recharge Service Centers that is specific to research activities within the Colleges, Institutes, and Research Core Facilities.	Fiscal operations of all service centers should be consistent with the existing Operational Guideline "Establishment and Financial Management of Authorized Service Centers and Specialized Service Facilities". A separate policy may not be needed to address fiscal operations specific to research activities. The Assistant Vice President for Research Support will submit suggested revisions to the Operational Guideline to clarify the authority at expectations of the Vice President for Research in the oversight of the research recharge service centers. Based on the strategic guidance established above it may be necessary to add additional clarification regarding Research Core Facilities.	Partially implemented	5/31/2015
		Conduct a review of current data of the Laboratory Animal Resources Center to ensure compliance with Operational Guideline "Establishment and Financial Management of Authorized Service Centers and Specialized Service Facilities".	The Vice President for Research's Costing Accountant will perform a review of the Laboratory Animal Resources Center for Fiscal Year 2013 in the fall of Fiscal Year 2014.	Implemented	2/28/2014
		Establish strategic guidance for research recharge service centers.	The Assistant Vice President for Research Support has recently begun an initiative to review all Research Recharge Service Centers and Research Core Facilities to better align these areas according to UTSA's strategic research goals. Currently, staff is evaluating best practices at other UT System universities. The initiative will address the suggested items and may result in suggested revisions to the HOP, section 10.03 Guidelines for Research Centers and Institutes.	Partially implemented	5/31/2015
<u>TAC 202</u>	10/10/2013		The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results and recommendations were made to appropriate management members and shared with the Internal Audit Committee.		
<u>INSIGHT/Laptop Encryption</u>	10/15/2013		The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results and recommendations were made to appropriate management members and shared with the Internal Audit Committee.		
<u>Joint Admission Medical Program (JAMP)</u>	10/28/2013	Ensure that the UTSA JAMP program convenes a committee to oversee the JAMP program. (Repeat recommendation from 2006 and 2010 JAMP Audit).	We will convene an advisory committee to benefit UTSA prospective & continuing JAMP students.	Implemented	5/31/2014
<u>FY 2013 Financial Statement Audit</u>	1/9/2014		No recommendations were made. UTSA's Office of Auditing and Consulting Services assisted Deloitte in their performance of the audit of the Consolidated Annual Financial Report of the UT System in conformity with auditing standards generally accepted in the United States of America to determine whether the Consolidated AFR of the UT System presents fairly, in all material respects, the financial position of the UT System as of August 31, 2013, and its changes in nets position and its cash flows for the year then ended. UTSA's Office of Auditing and Consulting Services work was limited to procedures necessary for Deloitte to provide an opinion on the Consolidated AFR of the UT System for the fiscal year ended August 31, 2013.		
<u>NCAA Football Attendance</u>	2/13/2014		No recommendations were made. We concluded that UTSA complies with NCAA Bylaw 20.9.9.3 regarding home football attendance.		

Project Name	Issue Date	Recommendation	Response	Recommendation Status	Estimated Implementation Date
<u>FY 2013 Executive Management Travel and Entertainment</u>	4/8/2014		No recommendations were made. We concluded that travel and entertainment expenses were appropriate and accurate; however, there were isolated instances of noncompliance with UTSA Financial Management Operational Guidelines on Travel and Entertainment that were shared with the appropriate management members and the Internal Audit Committee.		
<u>NCAA Compliance</u>	6/17/2014	Develop a process for monitoring and updating the completeness and accuracy of information provided by student athletes regarding the use of vehicles on campus during the academic year.	The Athletics Compliance Office will contact the UTSA Parking Division to see if there is a way to compare the vehicle information provided by the student athletes with the information received by the Parking Division.	Partially implemented	11/30/2014
<u>Research Data Center IT General Controls</u>	7/2/2014		The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results were shared with appropriate management members and the Internal Audit Committee.		
<u>Oracle/Database Management &amp; Security</u>	7/21/2014		The report contains confidential information that relates to computer security and is not subject to the disclosure requirements of Texas Public Information Act, based on the exception found in Government Code § 552.139. Specific results and recommendations were made to appropriate management members and shared with the Internal Audit Committee.		
<u>Sponsored Projects Administration Compliance</u>	8/29/2014	Review salary payment errors in excess of the applicable NIH Salary Cap to determine the corrective action needed.	The Office of Sponsored Project Administration (OSPA) acknowledges and agrees with the finding and recommendation. For the samples identified in this audit as charges on NIH grants in excess of the salary cap, OSPA will coordinate with the College of Sciences Research Service Center Director and the Grants and Contracts Financial Services Director (GCFS) to transfer these unallowable costs from the NIH grant to an institutional account. Coordination with and cooperation of the departments must also occur in making the corrective salary expense transfers. Revised Financial Reports will also need to be prepared by GCFS where applicable.	Partially implemented	11/30/2014
		Establish monitoring procedures for NIH salary cap limitations.	The Office of Sponsored Project Administration (OSPA) acknowledges and agrees with the finding and recommendation. OSPA will make efforts to implement and improve processes involving the Research Service Center staff monitoring of personnel appointments and salary expenditures.  1) To standardize monitoring of NIH salary cap limitations for new grants, the RSC staff will work closely with department/college staff personnel to ensure proper allocation of the salary to the NIH grant at the time of processing personnel appointments in PeopleSoft and to verify that the excess salary is charged to another funding source utilizing a Cost Sharing/Matching Funds Request form - 11/30/14.  2) Additionally, with the availability of PeopleSoft payroll feeds, OSPA's effort certification and reporting system (ECRT) will be upgraded in the Fall of 2014. This upgrade will allow for excess NIH salary cap issues to be flagged thereby alerting RSC staff to know when cost corrections or appointment updates would be necessary 02/28/15.	Partially implemented	2/28/2015
		Establish procedures to ensure Cost Transfer Request Forms are consistently utilized and supporting documentation to substantiate the cost transfer is retained.	The Office of Sponsored Projects Administration (OSPA) and the Research Service Center (RSC) staff will continue to strive to ensure Cost Transfer Request Forms are utilized and substantiated with supporting documentation. With the policy of Grants and Contracts Financial Services posting all non-payroll cost transfers, there is less chance of inadequate or missing documentation to occur. Since the implementation of PeopleSoft on May 1, 2014, personnel appointment retroactive funding source changes on grant funds will be manually routed by the Budget Office to the respective Research Service Center for their approval during the interim process. This will result in the RSC staff being aware that a salary cost transfer request form will need to be completed by the department. Once workflow is fully implemented in PeopleSoft (anticipated Spring 2015), the RSCs will receive for approval the grant funded personnel appointment change directly from the department at which time a salary/wage cost transfer request form would need to have been fully processed.	Partially implemented	3/30/2015

Project Name	Issue Date	Recommendation	Response	Recommendation Status	Estimated Implementation Date
		Establish procedures to ensure cost transfers are submitted and processed in a timely manner.	The Office of Sponsored Projects Administration (OSPA) and the Research Service Center (RSC) staff will continue to work closely with PI, department staff, and Grants and Contracts Financial Services (GCFS) to improve cost transfer processing. Specifically, the RSCs will continue to work towards the timeliness of award set ups and updates necessary for charging of expenses to the appropriate account. Additionally, several of the RSCs are working with departments to improve account reconciliations which should aid in a more timely recognition of costs that need to be transferred.	Partially implemented	11/30/2014

# Section VI

Consulting Services and  
Non-Audit Services  
Completed

## CONSULTING SERVICES AND NON-AUDIT SERVICES COMPLETED

<b>Consulting Engagements and Non-Audit Services</b>	<b>Project Number</b>	<b>Project Completed</b>	<b>High Level Objective</b>	<b>Observations/Results/ Recommendations</b>
Fraud Data Analysis /Continuous Monitoring Consulting	2014-25	8/31/2014	Develop fraud detection and continuous monitoring techniques using the IDEA analytical software tool	Coordinated with Financial Affairs to review the monitoring of procard transactions.
Construction Management	2014-21	8/31/2014	Provide the Office of Engineering and Project Management (EPM) feedback on the Group Purchasing Organizations (GPO) Award Process with the intention of identifying potential control enhancements.	Facilitated a risk assessment of construction management activities by EPM that identified potential control gaps in the GPO award process for EPM transactions.
Graduation Rate Improvement Plan Consulting	2014-22	8/31/2014	To perform assessment services of Degree Works for the Graduation Rate Improvement Plan (GRIP) for the Vice Provost for Accountability and Institutional Effectiveness.	Reviewed the content of Degree Works for accuracy and reviewed user access and role responsibilities and deficiencies were provided to the GRIP team to address.
PeopleSoft Implementation Consulting	2014-23	8/31/2014	To review business processes for the PeopleSoft implementation project.	Provided status updates at the quarterly Internal Audit Committee meetings.
Information Security	2014-33	8/31/2014	To provide assistance with development of the Information Technology policies.	Worked with Chief Information Officer and the Information Security Officer on the development of the Information Technology policies for the Handbook of Operating Procedures.
UT System Risk Assessment Work Group	2014-55C	8/31/2014	To review the UT System annual risk assessment methodology.	Served on a work group to review and revise the annual risk assessment methodology. Updates provided to the UT System Internal Audit Council and UT System CAE.

# Section V

## External Quality Assurance Review

# ***The University of Texas at San Antonio***

2014 External Quality Assessment  
of the Auditing and Consulting  
Services Office







July 9, 2014

Mr. Dick Dawson  
Chief Audit Executive  
The University of Texas at San Antonio  
5726 W. Hausman, Suite 300, Rm 1.404  
San Antonio, Texas 78249

We have completed an External Quality Assessment ("EQA") of The University of Texas at San Antonio ("UTSA" or "institution") Office of Internal Audit ("IA"). The EQA included an assessment of the level of conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing ("the IIA Standards"), the Generally Accepted Government Auditing Standards ("GAGAS") as well as the relevant requirements of the Texas Internal Auditing Act ("TIAA"). Listed below is our overall assessment of IA's adherence with these Standards and requirements:

- IIA Standards - Based on our work, IA generally conforms. However, we did identify process enhancement opportunities.
- GAGAS - No conformance observations were identified.
- TIAA requirements – Other than the observations related to IIA Standards, no other observations were identified during our work.

Our Services were performed and this report was developed in accordance with our contract dated February 18, 2014 and are subject to the terms and conditions included therein. Our Services were performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants ("AICPA"). Accordingly, we are providing no opinion, attestation or other form of assurance with respect to our work and we did not verify or audit any information provided to us. Our work was limited to the specific procedures and analysis described herein and was based only on the information made available through May 23, 2014, when field work was substantially completed. Accordingly, changes in circumstances after this date could affect the findings outlined in this report. This information has been prepared solely for the use and benefit of, and pursuant to a client relationship exclusively with The University of Texas System Administration. PwC disclaims any contractual or other responsibility to others based on its use and, accordingly, this information may not be relied upon by anyone other than The University of Texas System Administration and UTSA.

We would like to offer a sincere thank you to you and your staff, and the Internal Audit Committee and management of UTSA, for the time and attention they provided during this assessment. We appreciate the opportunity to serve The University of Texas System Administration on this important engagement.

Very truly yours,

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers, LLP

PricewaterhouseCoopers LLP, 1201 Louisiana, Suite 2900, Houston, TX 77002-5678  
T: (713) 356 4000, F: (713) 356 4717, [www.pwc.com/us](http://www.pwc.com/us)

Information contained herein is for the sole benefit and use of UTSA

# Section VI

## Internal Audit Plan for Fiscal Year 2015

The University of Texas at San Antonio  
FY 2015  
Audit Plan

<b>FY 2015 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
<b><i>Financial Audits</i></b>			
<b><i><u>UT System Requested/Externally Required Audits</u></i></b>			
FY 2014 Financial Statement Audit	300		Review of the financial statements in support of the Deloitte's UT System Consolidated Financial Statement work for Fiscal Year (FY) 2014
FY 2014 Presidential Travel and Entertainment	25		Assist UT System Audit Office with review of Presidential travel and entertainment expenses for FY 2014
FY 2014 Executive Management Travel and Entertainment	250		Review Executive Management travel and entertainment expenses for FY 2014
FY 2014 NCAA Annual Financial Audit	300		Assist the UT System Audit Office with the required NCAA Agreed Upon Procedures for FY 2014
Employee Benefits Proportionality	200		As the Governor's request, review the university's salary expenditures and associated employee benefits funded through the State of Texas general revenue appropriation to ensure compliance with the General Appropriations Act.
FY 2015 Financial Statement Audit (Interim Work)	100		Perform interim testing for FY 2015 financial statement audit
FY 2015 NCAA Annual Financial Audit (Interim Work)	20		Perform interim testing for FY 2015 NCAA Annual Financial Audit
<b>Financial Audits Subtotal</b>	<b>1195</b>	<b>16%</b>	
<b><i>Operational Audits</i></b>			
<b><i><u>Risk Based Tier One Audits</u></i></b>			
Fleet Management	300		Review the operations of the vehicle fleet management including the authorization and approval process for driving UTSA fleet vehicles.
<b><i><u>Consulting Projects</u></i></b>			
Construction Management	300		Review oversight and training procedures for institutionally managed construction activities
PeopleSoft Post Implementation	800		Consult the Financial Affairs and Human Resources, and UTSA Share Project Management Office to assist with the post implementation of PeopleSoft
Graduation Rate Improvement Plan (GRIP)	300		Review Graduation Rate Improvement Plan initiatives
<b><i><u>Carry Forward Audits</u></i></b>			
TBD	200		Carry Forward audits from FY14 Audit Plan
<b>Operational Audits Subtotal</b>	<b>1900</b>	<b>25%</b>	

The University of Texas at San Antonio  
FY 2015  
Audit Plan

<b>FY 2015 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
<b><i>Compliance Audits</i></b>			
<b><i>UT System Requested/Externally Required Audits</i></b>			
NCAA Compliance	400		Review Athletics department for compliance with NCAA regulations
State Auditor's - FY14 & FY15 A-133 Statewide	40		Assist State Auditors with the FY 2014 & FY 2015 Statewide Single Audit (Student Financial Aid)
<b><i>Risk Based Tier One Audits</i></b>			
Title IX (Campus/Student Safety and Security)	350		Review university policies and procedures for compliance with Title IX as it relates to campus/student safety and security regulations
Sponsored Projects Administration Compliance	325		Review research and development activities for compliance with federal regulations (Subrecipient Monitoring/Cost Sharing)
<b>Compliance Audits Subtotal</b>	<b>1115</b>	<b>15%</b>	
<b><i>Information Technology Audits</i></b>			
<b><i>Risk Based Tier One Audits</i></b>			
UNIX Server Management & Security (TAC 202 Audit)	400		Review the security, system administration, user policies, and operating procedures for UNIX servers (Audit serves as our required biennial TAC 202 Audit)
Network	500		Review the IT network design, infrastructure, and security controls
<b><i>Consulting Projects</i></b>			
HIPAA (Health Insurance Portability and Accountability Act)	300		Assist the ISO and Public Information Officer with review of HIPAA Compliance
Fraud Data Analytics / Continuous Monitoring	200		Develop fraud detection and continuous monitoring techniques using the IDEA analytical software tool
<b>Information Technology Subtotal</b>	<b>1400</b>	<b>19%</b>	

The University of Texas at San Antonio  
FY 2015  
Audit Plan

<b>FY 2015 Audit Plan Audit/Project</b>	<b>Budgeted Hours</b>	<b>% of Total</b>	<b>Description</b>
<b><i>Follow-up Audits</i></b>	<b>240</b>	<b>3%</b>	Follow-up on significant & important audit recommendations
<b><i>Projects</i></b>			
Internal Audit Committee Meetings	175		Conduct and prepare for Internal Audit Committee meetings
Campus Committee Meetings	250		Attend campus committees and other meetings with management
Project Status Staff Meetings	200		Staff meetings to discuss updates/status of multiple audit projects
Professional Associations	250		Conduct activities associated with professional audit related associations
Teammate Maintenance and Upgrade Implementation	100		Maintain and upgrade the Teammate audit program libraries and templates and implement the other modules
Strategic Plan Implementation	50		Develop and implement auditing and consulting services strategic initiatives
Audit Planning	125		Prepare audit plan for FY 2016 and make necessary changes to FY 2015 audit plan
<b>Projects Subtotal</b>	<b>1150</b>	<b>15%</b>	
<b><i>Reserve - Special Requests</i></b>	<b>500</b>	<b>7%</b>	Conduct audits, consulting, internal control reviews, investigations, and/or other assurance activities as requested from UT System, management or other external sources
<b>Total Hours</b>	<b>7500</b>	<b>100%</b>	

## High Risk Areas Not Covered in FY15 Audit Plan

High Risk Area	High Risk	Other Assurance Activities Mitigating the Risk
Research	Bio-Safety Issues	FY12 Bio-Safety Audit and Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
	Animal Research	Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
	Time and Effort Reporting	FY11 Time and Effort Reporting Audit and Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
Athletics	Recruiting	FY14 NCAA Compliance Audit and Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
	Financial Aid	FY13 NCAA Compliance Audit and Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
Academic Support	Graduate/Doctoral Programs Development and Evaluation	FY10 Graduate Student Incentives Consulting
Facilities Management	Facilities Condition / Deferred Maintenance	FY12 THECB Facilities Audit
Instruction	Accreditation & Institutional Effectiveness	Institutional Compliance Office Risk Assessment, Management Plans, Quarterly Monitoring & Annual Inspections
University Development	Fundraising / Capital Campaigns	FY13 UT System Audit Office Development Activities Audit and FY12 University Advancement Call Center Internal Control Review

## **Risk Assessment Methodology for the Annual Audit Plan**

In developing the Fiscal Year 2015 Audit Plan, the Office of Auditing and Consulting Services conducted an institution wide risk assessment. Ten academic institution core processes were identified and included over 120 risk areas. The Office of Auditing and Consulting Services and the Office of Institutional Compliance and Risk Services initially assessed the risk areas and were ranked as high, moderate, or low based upon the risk area's importance to UTSA's strategic goals and level of concern. Then, the members of the Internal Audit Committee and Executive Compliance Committee were provided the institution wide risk assessment and asked to make any modifications to the initial risk rankings. At the April Internal Audit Committee Meeting, we presented the high-risk areas identified during the risk assessment process. In May, we meet individually with the Internal Audit Committee members to discuss potential audit projects. In June, the Office of Auditing and Consulting Services had an audit plan hearing with the UT System Audit Office to review the audit plan and the risk assessment to determine if any system wide audit projects and/or risks should be added. At the July Internal Audit Committee meeting, the audit plan was provided to the UTSA Internal Audit Committee for their final approval. In August, the Audit, Compliance, and Management Review Committee of The UT System Board of Regents approved all institutional audit plans.

# Section VII

## External Audit Services Procured in Fiscal Year 2014



## **External Audit Services Procured in Fiscal Year 2014**

- UTSA engaged the State Auditor's Office to perform the Fiscal Year 2013 A-133 Statewide Single Audit
- UTSA engaged the firm of Deloitte & Touche, LLP to conduct the required program specific single audit of the Cancer Prevention and Research Institute of Texas awards funded for FY 2010 – FY 2013.

# Section VIII

## Reporting Suspected Fraud and Abuse

## **Reporting Suspected Fraud and Abuse**

The following actions were taken by The University of Texas at San Antonio to implement the following requirements:

### **The General Appropriations Act (83<sup>rd</sup> Legislature), Section 7.09. Article IX. Fraud Reporting**

*A state agency or institution of higher education appropriated funds by this Act, shall use appropriated funds to assist with the detection and reporting of fraud involving state funds as follows:*

- (a) By providing information on the home page of the entity's website on how to report suspected fraud, waste, and abuse involving state resources directly to the State Auditor's Office. This shall include, at a minimum, the State Auditor's Office fraud hotline information and a link to the State Auditor's Office website for fraud reporting; and*
- (b) By including in the agency or institution's policies information on how to report suspected fraud involving state funds to the State Auditor's Office.*

At the bottom of the home page of The University of Texas at San Antonio <http://www.utsa.edu/>, there is link to the UTSA hotline website <http://www.utsa.edu/acrs/Hotline.html> in which an individual can either report fraud through the UTSA hotline or the State Auditor's Office hotline.

### **Texas Government Code, Section 321.022. Coordination of Investigations**

- (a) If the administrative head of a department or entity that is subject to audit by the state auditor has reasonable cause to believe that money received from the state by the department or entity or by a client or contractor of the department or entity may have been lost, misappropriated, or misused, or that other fraudulent or unlawful conduct has occurred in relation to the operation of the department or entity, the administrative head shall report the reason and basis for the belief to the state auditor. The state auditor may investigate the report or may monitor any investigation conducted by the department or entity.*
- (b) The state auditor, in consultation with state agencies and institutions, shall prescribe the form, content, and timing of a report required by this section.*
- (c) All records of a communication by or to the state auditor relating to a report to the state auditor under Subsection (a) are audit working papers of the state auditor.*

The University of Texas at San Antonio reports such activities to the State Auditor's Office through the following website: <https://sao.fraud.state.tx.us/hotline.aspx>.